

**MINUTES OF REGULAR MEETING  
ILLINOIS GAMING BOARD  
DECEMBER 3, 1996  
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on December 3, 1996 in the auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: J. Thomas Johnson, Chairman; and Members William B. Browder, Byron G. Cudmore, Gayl S. Pyatt and Robert F. Vickrey.

Also in attendance were: Administrator Michael A. Belletire, Deputy Administrators Joseph C. Haughey, Kevin Lockhart and Thomas Swoik, Chief Legal Counsel Mareile' B. Cusack, other members of the staff, the media, the general public and interested parties.

Chairman Johnson called the meeting to order at 9:30 a.m. Member Browder moved **that the Board retire to Closed Session pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, to discuss the following subject matters:**

- 1. Issues Concerning Applicants and Licensees**
- 2. Recommendations of Administrative Law Judges**
- 3. Pending and Probable Litigation Matters**
- 4. Investigatory Matters**
- 5. Personnel Matters**
- 6. Closed Session Minutes**

Member Pyatt seconded the motion. The Board adopted the motion by unanimous consent.

The Board reconvened in Open Session at 12:15 p.m.

Board Minutes

Member Pyatt moved **that the Board approve the minutes from the open and closed sessions of the October 30, 1996 regular meeting.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Member Pyatt moved **that all portions of closed meeting minutes of the Illinois Gaming Board prior to April, 1996, through September, 1996 for which the need for confidentiality no longer exists, be made available for public inspection as required by the Open Meetings Act.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

### Chairman's Report

Chairman Johnson stated that earlier this year the Board authorized staff to submit an initial filing of proposed regulations covering a wide range of subjects. The Board received specific comments on aspects of these proposed Rules from owner-licensees and other interested parties. The Board asked staff to meet with these commenters to discuss their concerns.

Chairman Johnson announced the proposed meeting dates for 1997: January 28, February 25, March 18, April 22, May 20, June 24, July 29, September 16, October 21 and December 2.

The Chairman commented on an article he prepared for the Taxpayers' Federation of Illinois, November 1996 issue. The article focused on riverboat casinos in Illinois as a follow-up to a similar piece that ran in the fall of 1994. He noted that the last three paragraphs of the article were added by the publisher and should not be taken as his thoughts or opinions.

### Administrator's Report

Administrator Belletire summarized the following monthly statistical reports: Adjusted Gross Receipts, Underage Patrons, Cruise Disruptions/Cancellations and Credit Issuance. He noted that for the month of October 1996 Indiana's three Chicago area casinos reflected combined AGR of \$38.2 million, out-performing Illinois' three closest operations (in Joliet and Aurora).

Administrator Belletire reported on staff initiatives, including: a proposal to develop a registration system for all contract "sales representatives" or transportation services that work with casino licensees; instituting a uniform employment application form for use by all owner licensees; the revised owner-licensee renewal application; and standardizing the range and timing of the submission of financial information about licensees and their parent companies. He also commented on a lawsuit involving Empress and two of its shareholders; and, a lawsuit filed in Federal court involving the Casino Queen.

The Administrator reported that Doug O'Brien, Coordinator of Research and Analysis will be leaving the Board effective December 31, 1996.

### Owner Licensees Items

HARRAH'S CASINO CRUISES JOLIET - Patrick Dennehy, representing Harrah's, requested a revision to their current cruise route to accommodate their new cruising schedule. The existing route (1.5 miles) causes two bridges on the route to be raised frequently. The new route will eliminate numerous bridge openings/closings. Board members asked several questions about cruising patterns. Captain Brent Willis responded on behalf of the licensee.

Member Vickrey moved **to waive the two meeting rule**. Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

Member Vickrey moved **that Harrah's be allowed to implement their new cruise route effective immediately**. Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

ELGIN RIVERBOAT RESORT - Donna More, representing Elgin Riverboat Resort, requested initial consideration of a proposed re-organization of certain of the Limited Partnership interests in RBG, L.P., one of the joint venture partners in Elgin. Eleven trust entities in RBG, L.P. would consolidate to form a new General Partnership (PGI Investors).

SOUTHERN ILLINOIS RIVERBOAT CASINO CRUISES, INC. ("SIRCC") - Mike Ficaro, representing Players International and SIRCC, introduced several key persons of the parent corporation. Mr. Ficaro requested initial consideration of material changes to the terms of Players' Line of Credit ("LOC"). Specifically, Players' seeks to amend the \$120,000,000 Senior Credit with Wells Fargo, N.A. and Bankers Trust Company, and a group of participating banks previously approved by the Board. He further requested that the Board delegate approval authority to the Administrator or call a special, telephonic meeting, noting that negotiations as to final terms continue.

Mr. Peter Aranow, Executive Vice President of Finance & Treasurer, reported that the capital needs for Players' project in Maryland Heights, MO requires them to agree to a new LOC by Mid-December. He further indicated that the revised terms of the LOC cannot be finalized until after this Board meeting due to continuing negotiations with the participating banks.

Board Members noted the time-frame of this request and the lack of acceptable notice given. Board Members also noted Players' failure to notify the Board in a timely fashion of the possibility of Players' being in default on a loan.

PAR-A-DICE GAMING CORPORATION - Chuck Smith, representing Par-A-Dice, introduced several key persons of the corporation. Mr. Smith along with Ms. Donna More, representing Boyd Gaming Corporation, requested that the Board approve the acquisition of the Par-A-Dice Gaming Corporation by the Boyd Gaming Corporation.

William S. Boyd, Chairman of the Board of Boyd Gaming ("BGC"), introduced several key persons of the Boyd corporation. Mr. Boyd gave a brief overview of the corporation. Mr. Boyd stated that BGC operates with the highest degree of integrity, and relies on the competence and friendliness of each person in their organization to provide entertainment and service to satisfy their customers.

Mr. Robert Boughner, Executive Vice President and COO of BGC, discussed further BGC's commitment to the communities in which BGC operates. He stated that BGC and the Boyd family have contributed over \$1 million to over 40 different charitable and educational programs in the past year. Mr. Boughner stated that BGC is dedicated to support and enhance the communities in which they operate.

Mr. Ellis Landau, Senior Vice President and CFO of BGC, discussed the financial growth of BGC and the bank facility to be used in the acquisition of PGC.

Administrator Belletire summarized information about the Boyd acquisition and recommended that the Board allow this transfer of ownership interest. He noted that most of the requisite Key Person background investigations had been completed. He indicated that two Key Person investigations would not be completed until a later date.

Chairman Johnson asked Mr. Boyd what he sees occurring currently with the competitive market place. Mr. Boyd feels it has become very competitive in all parts of the country where gaming is conducted. He further stated that BGC will manage their growth prudently as the market will continue to be competitive.

Chairman Johnson asked Mr. Boyd about the sale of BGC's 15 percent interest in Treasure Chest Casino in Kenner, LA and the time-frame of the approval of the sale. Mr. Brian Larson, VP of Development and Associate General Counsel of BGC, responded. Mr. Larson stated that the Louisiana gaming authority's lead attorney has indicated that the authority is planning on approving the transaction in January, 1997.

Member Pyatt asked Mr. Boyd about employee relations and what plans they have for the current employees of Par-A-Dice. Mr. Boyd stated that they intend to keep all current employees with exception of certain key management personnel. He also indicated that the current employee benefits will be maintained or converted to existing Boyd benefits that are on a par with those provided currently.

Member Vickrey moved **that the Board approve Boyd Gaming Corporation's ("Boyd Gaming") acquisition of all the outstanding stock of Par-A-Dice Gaming Corporation ("Par-A-Dice") and the East Peoria Hotel, Inc. (the "hotel") as set forth in the Stock Purchase Agreement, dated April 26, 1996, as amended.**

**I further move that the Board approve Par-a-Dice's guarantee of the following indebtedness of Boyd Gaming: the \$500 million line of credit issued by a group of banks led by Canadian Imperial Bank of Commerce and the \$200 million senior notes issued by Boyd Gaming in October, 1996.**

**In approving Boyd Gaming's acquisition of Par-A-Dice, the Board requires the following:**

- 1. Boyd Gaming shall adhere to the representations made to this Board regarding the continuity of employment and employment benefits to the employees of Par-A-Dice.**
- 2. The new owners of Par-A-Dice are to assume all the obligations previously set forth by the Board at the time of Par-A-Dice's license renewal in February, 1996;**

3. **For purposes of reporting to the Board, Boyd Gaming is to utilize the historical method of accounting for Par-A-Dice, without giving effect to the acquisition adjustment; and**
4. **Boyd Gaming is to treat the Par-A-Dice subsidiary on an equal basis with its other subsidiaries in determining the capital improvements necessary to assure that Par-A-Dice properties are maintained and improved as the need arises, and further Boyd Gaming will not allow future expansion considerations to interfere with such commitments.**

**Finally, I move that pursuant to its authority under Section 5 of the Illinois Riverboat Gambling Act, the Board delegate to the administrator the authority to approve the transition plan related to Boyd Gaming's acquisition of Par-A-Dice.**

Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Member Vickrey moved **that the Board approve Jimma L. Beam, Robert L. Boughner, William R. Boyd, Maundy C. Collins, Kenny C. Guinn, Marianne Boyd Johnson, Warren L. Nelson, Donald D. Snyder and Perry B. Whitt as Key Persons of Par-A-Dice Gaming Corporation.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Member Vickrey further noted that East Peoria Mayor Jeffrey Giebelhausen and members of the City Council were present to support the transaction.

HOLLYWOOD CASINO AURORA, INC. - Susan S. Gouinlock, representing HCA, requested approval of John Lowry as Senior Internal Auditor. Member Browder moved **that the Board approve John Lowry as a Level 1 occupational licensee of Hollywood Casino Aurora, Inc.** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

SOUTHERN ILLINOIS RIVERBOAT CASINO CRUISES, INC. - Mike Crider, representing SIRCC, requested approval of Henry Applegate as Senior VP & CFO. Member Cudmore moved **that the Board approve Henry Applegate as a Key Person of Southern Illinois Riverboat Casino Cruises, Inc.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

HP, INC. - Member Cudmore moved **that the Board approve Frank Lester Jeffries as a Level 1 occupational licensee of HP, Inc.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

EMPRESS CASINO JOLIET - Michael Hansen, representing Empress, requested approval of William Bembenek as Director of Slot Operations. Member Browder moved

that the Board approve William F. Bembenek as a Level 1 occupational licensee of Empress Casino Joliet. Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

#### Supplier Licensees

OSBORNE COINAGE, INC. - Tom Stagnoller, representing Osborne Coinage, Inc., requested renewal of their supplier's license. Member Pyatt moved **that the Board approve Osborne Coinage, Inc.'s application for renewal of its Supplier's license for a period of four years expiring December, 2000, subject to payment of its annual licensure fee and adherence to all requirements of the Board and its rules and regulations.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

PRATT MANAGEMENT, LTD. - John Janicik representing Pratt Management, requested renewal of their supplier's license.

Chairman Johnson asked for a status on plans to terminate the management services agreement between Pratt and HCA. Mr. Edward Pratt, III responded that they are committed to changing the debt structure and will do so at the earliest possible date. The first (premium) call date is the year 2000.

Member Pyatt moved **that the Board approve Pratt Management, Ltd.'s application for renewal of its Supplier's license for a period of one year expiring December, 1997.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

CARTA MUNDI, INC. - Richard Dewirth, representing Carta Mundi, Inc., requested the withdrawal of their supplier's license. Member Cudmore moved **that the Board approve Carta Mundi's request to withdraw its application for a Supplier's license.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

PAUL-SON GAMING SUPPLIES - Member Vickrey moved **that the Board deny Joseph Wilcox as a Key Person of Paul-Son Gaming Supplies.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

#### Occupational Licensees

Member Pyatt moved **that the Board approve 72 applications for an Occupational License, Level 2, and 141 applications for an Occupational License, Level 3, and deny 3 applications for an Occupational License, Level 2, and 9 applications for an Occupational License, Level 3.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

#### Administrative Hearings/ALJ Reports

Member Cudmore moved **that the Board, having reviewed the administrative record, adopt the Findings of Fact and Conclusions of Law as stated in the**

**recommendation of the Administrative Law Judge and revoke the level 3 occupational license of James McDaniel.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

#### Complaints and Disciplinary Actions

Member Browder moved **that the complaint for disciplinary action against Maria Salas be issued and that her license be revoked. The complaint involves Ms. Salas' unauthorized removal of United States currency from the Grand Victoria Casino.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

Member Browder moved **that the complaint for disciplinary action against Rebecca Schreiber be issued and that her license be revoked. The complaint involves Ms. Schreiber's ineligibility due to her conviction of Theft.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

#### Board Policy Discussion Items

HELP LINE UPDATE - Adrienne Levatino, representing the Illinois Casino Gaming Association, gave an update of the Illinois gaming industry's continued efforts to promote responsible gaming.

Peter Bensinger, representing Bensinger, DuPont & Associates, gave a report on the Gambling Help-Line, citing data collected from February 1 - August 31, 1996.

Chris Anderson, representing the Illinois Council on Problem and Compulsive Gambling, updated the Board on training the Council is providing. Mr. Anderson also expressed concern that the Department of Lottery does not advertise a congruent message about compulsive gambling in Illinois.

Chairman Johnson commended owner licensees for responding to the compulsive gambling issue and encourages their continued efforts. Chairman Johnson deferred a response regarding the commentary about the Department of Lottery. He asked the Administrator to look into the issue.

Member Vickrey commented upon difficulties he encountered in reaching a person offering assistance when he phoned 1-800-GAMBLER and 1-800-GAMBLING. He also commented that a singular number rather than three separate numbers would improve the help-line service. Member Vickrey also observed that the low volume of assistance calls suggests that either the extent of problem gambling is overstated or, that this service is not well-enough publicized.

POKER - Chairman Johnson asked the Administrator to discuss staff's latest observations about offering Poker on Illinois riverboat casinos. The Administrator's report to the Board observed that staff were prepared to recommend approval of Poker for play in Illinois, subject to the requirements that: a Poker table be given the same number of gaming positions as a Blackjack table; and, that the host casino be

prohibited from allowing the dealer or house-compensated shills from participating in play.

Chairman Johnson expressed concerns about team play by persons not associated with the casino and the difficulties that such team or shill play can present for players of differing skill levels. He commented that he felt uncertain about the advisability of allowing Poker, as winning in Poker is from other players and (unlike other authorized games) not from the casino. The administrator commented that staff did not believe it was possible to entirely prevent (non-casino) shills or team play and that the posting of the rules of the game and notice of the possibility of team play should serve as adequate warning to potential players.

Chairman Johnson indicated that he was not prepared to vote to make Poker an authorized game until representatives of owner licensees come before the Board and offer the Board a greater level of comfort in regard to the conduct of a game in which players wager against one another and not the casino. Other members voiced support for the Chairman's position in this matter.

**WIDE AREA PROGRESSIVE SLOTS ("WAPS")** - Administrator Belletire provided a staff report on WAPS. He noted that the staff have concluded that the Act requires an individual owner licensee to bear full legal responsibility for the payment of an advertised and winning jackpot amount. Staff further concluded that it would be permissible for multiple owner licensees to enter a compact to reimburse one another for a progressive jackpot payout, however, such an agreement would not relieve an individual licensee of the legal responsibility for payment to a winning patron.

The Administrator also recommended that, for the time being, jackpot payment annuities should not be permitted. Instead, all winning jackpots should be paid immediately or within a short time-frame (up to 30 days).

Given these two guidelines, the Administrator indicated that staff felt an inter-casino progressive slot system program could be successfully implemented in Illinois. He observed that future consideration could be given to annuity payments after an inter-casino system (without annuities) has been operational for a period of time.

Chairman Johnson recommended that staff seek a reaction to these recommendations from suppliers to the industry.

**DELEGATION OF SPECIFIC APPROVALS** - Administrator Belletire briefed the Board on two items that delegate specified Board approval authority to the Administrator. The first item delegates authority to the Administrator to approve certain outside (non-agency) employment by IGB personnel. The second item authorizes the Administrator to approve, on the Board's behalf, certain land acquisition or disposal by owner licensees. He noted that the Board has previously authorized the Administrator to act on the Board's behalf in approving certain licensee-proposed changes subject to Board Rule 3000.230.



Member Cudmore moved:

**WHEREAS, under Board Rule 3000.230 (d), an applicant or owner licensee must disclose and obtain formal Board approval for changes of a specified nature under this rule; and,**

**WHEREAS, on September 19, 1995, the Board delegated to the Administrator the authority to approve, on the Board's behalf, certain changes proposed by owner licensees, under Board Rule 3000.230;**

**NOW THEREFORE BE IT RESOLVED that the Administrator is additionally authorized to approve, on the Board's behalf, proposed acquisitions or dispositions of land by owner licensees valued at \$5 million or less, subject to the Administrator's written notification to the Board.**

Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Member Vickrey moved:

**WHEREAS, on December 5, 1995, the Board adopted a Code of Conduct;**

**WHEREAS, Section 2 of the Code of Conduct provides that employees of the Board may engage in other employment that does not interfere or conflict with their duties, as long as such employment is disclosed to the Administrator and approved by the Board or, as delegated, by the Administrator; and**

**WHEREAS, the Board desires to delegate to the Administrator the authority to approve outside employment for employees of the Board.**

**NOW THEREFORE BE IT RESOLVED that the Administrator shall be authorized to approve or deny, on the Board's behalf, all requests by employees of the Board to engage in outside employment, provided that such employment does not conflict with their duties and that the Administrator gives written notification of such approval to the Board.**

**BE IT FURTHER RESOLVED that should the Administrator deny approval of outside employment, the employee may seek a subsequent determination from the Board.**

Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

There being no further business to come before the Board, Member Vickrey moved **that the Board stand adjourned.** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote and adjourned at 3:29 p.m.

Respectfully Submitted,

Susan A. Offord  
Secretary of the Board